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Patrick Moran - President

Testimony
SB 578 – State Prescription Drug Benefits – Retirees
Budget & Taxation
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Support

AFSCME Council 3 supports the passage of SB 578. We represent approximately 30,000 *active* state and higher education employees within the state of Maryland.

Traditionally, considering employment with state or local government implied an acceptance of a trade off of marginally lower salaries in return for the promise of greater retirement benefits. That tradeoff has been significantly eroded: lower salaries have only gotten lower, while retirement benefits have been diminished. There is no doubt that part of the reason vacancies within state government have risen to over 6000 during the Hogan Administration is a result of this toxic pairing of lower salaries and retirement benefit erosion. And with the District Court's December opinion that retirement benefits are not guaranteed until a person *actually* retires, we now have the threat of retirement benefits not being *real* for active state and local government employees. HR directors would now have to honestly say that retirement benefits are projected, but not guaranteed, for a new hire.

SB 578 honors existing retirees by maintaining the original State plan, but the committee should take into account the changes that have taken place to the prescription drug landscape since the passage of SB 946. We have enacted a prescription drug affordability board; we have enacted a reverse prescription drug purchase auction, a process with which to choose a pharmacy benefit manager to supply active and retired employees with their prescription drug needs. Both these laws have the potential to generate hundreds of millions of dollars in savings to the State. With the resolution of the "Fitch" case not expected to impact beneficiaries until January 2024, it is a prime opportunity for a new administration and new General Assembly to revisit other post employment benefits in a comprehensive manner that would restore the promise and gratitude to those who would choose public service for our great State. We urge a favorable report of SB 578, and further urge seizing the opportunity to reimagine and enrich the benefits available to those who work on behalf of their fellow Marylander's.

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An employee has the right to a union representative if requested by the employee.
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